

Germantown Business Incubator -- No. 780701

Category
Agency
Planning Area
Relocation Impact

General Government
Economic Development
Germantown
None.

Date Last Modified
Required Adequate Public Facility

October 4, 2006
NO

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY05	Est. FY06	Total 6 Years	FY07	FY08	FY09	FY10	FY11	FY12	Beyond 6 Years
Planning, Design and Supervision	120	0	0	120	120	0	0	0	0	0	0
Land											
Site Improvements and Utilities											
Construction	2,150	0	0	2,150	2,150	0	0	0	0	0	0
Other	730	0	0	730	730	0	0	0	0	0	0
Total	3,000	0	0	3,000	3,000	0	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Current Revenue:											
General	1,600	0	0	1,600	1,600	0	0	0	0	0	0
State Aid	1,400	0	0	1,400	1,400	0	0	0	0	0	0

ANNUAL OPERATING BUDGET IMPACT (\$000)

DESCRIPTION

This project is to lease and renovate a 67,000 square foot building at 20271 Goldenrod Lane, Germantown and convert 33,500 square feet into a high-tech incubator featuring approximately 10,500 square feet of laboratory space and 23,000 square feet of office and common space for a mixed use high-tech business incubator in the Germantown area. The remaining 33,500 square feet of the building will be used by Montgomery College for office and classroom space. The building will be master leased either by Montgomery College or the College Foundation, and the incubator space will be sub-leased to the County. In 2002, the Department of Economic Development (DED) investigated the feasibility of extending the success of the Shady Grove Life Sciences Center to other locations in Montgomery County. Studies revealed that a location near the Germantown campus of Montgomery College would be ideal for an incubator site. The recently vacated commercial building located at 20271 Goldenrod Lane presents an opportunity for the County and College to accelerate project implementation through the acquisition of an existing building, and prepare the space for incubator tenants and students. The building has sufficient space to resolve both the County's incubator space needs and the College's need for new classroom and office space at its growing Germantown campus. As of 2005, the Germantown Campus had a demonstrated space deficit of approximately 100,000 square feet. This fall, temporary office trailers will be used to address a small amount of this space deficit. Discussions with the College have resulted in a conceptual plan to share the 67,000 square foot building by renovating half as the County's incubator and half as offices and classrooms for the College.

Service Area

Germantown, Damascus, and Clarksburg

Capacity

The incubator facility would house 25-30 start-up/early stage bio and information technology firms, initially creating between 75-150 high technology jobs.

JUSTIFICATION

In 2005, DED consulted the Sage Group, an economic consulting firm, to assess the essential business elements needed to develop Montgomery County's technology business community. The Sage Group forecasts that the County will need 40,000 square feet of incubator space to capture just 5% of the estimated 400 plus spin-off technology start-up companies entering the market each year from the 19 Federal Research and Development labs in the County. The Germantown incubator adjacent to Montgomery College and the soon-to-be-completed Germantown Life Sciences Park (GLSP) will, in addition to supplying the County with needed incubator space, also serve as a catalyst for the development of high technology in Germantown, Damascus, and Clarksburg. This market is currently underserved by technology development, with very few biotechnology facilities beyond the Germantown exit along the I-270 corridor. The Germantown incubator facility will also stimulate the expeditious development of the rest of the GLSP, as it will produce a number of graduating companies that will seek expansion space in proximity of the incubator within the next 2-3 years.

Plans and Studies

A market study has been completed, and the incubator pro forma has been developed.

FISCAL NOTE

Planning and design funds are also drawn from the Life Sciences and Technology Centers CIP No. 789057. Eventually, the facility could create an estimated 480 high paying jobs in Montgomery County every three year cycle throughout the life of the facility. The estimated net revenue contribution to the County resulting from the incubator's operation for the first 18 years exceeds \$27 million in 2006 dollars. The construction and related development costs of the incubator, including clean room facilities, are estimated at \$3 million (the full cost is projected at \$3.45 million with the property owner contributing \$450,000 towards the tenant improvements). The rent collected from the incubator tenants will pay for most of the incubator space lease, and the required annual operating costs to provide incubator programming including the incubator staff are estimated at \$350,000.

APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY07	(\$000)
Initial Cost Estimate		2,800
First Cost Estimate		
Current Scope	FY07	3,000
Last FY's Cost Estimate		0
Present Cost Estimate		3,000
Appropriation Request	FY07	
Appropriation Request Est.	FY08	0
Supplemental		
Appropriation Request	FY07	3,000
Transfer		0
Cumulative Appropriation		0
Expenditures/		
Encumbrances		0
Unencumbered Balance		0
Partial Closeout Thru	FY04	0
New Partial Closeout	FY05	0
Total Partial Closeout		0

COORDINATION

Montgomery College
Maryland Department of Business and Economic
Development (DBED)
Maryland Technology Development Corporation
(TEDCO)
Maryland Economic Development Corporation
(MEDCO)

MAP

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